

NOTE: An original was not available for verification of the content of this preface.

**Letter to Congressional Leaders
Transmitting the Report Entitled
“Support for a Democratic
Transition in Cuba”**

January 28, 1997

Dear Mr. Chairman:

Pursuant to section 202(g) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (Public Law 104-114), I hereby transmit to you a report concerning assistance to a free and independent Cuba, entitled “Support for a Democratic Transition in Cuba.”

The report includes an addendum of indicative roles for various agencies of the United States Government. This is for internal United States Government use and is not intended for publication. The remainder of the report will be translated into Spanish to be communicated to the Cuban people pursuant to section 202(f) of the Act.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to Jesse Helms, chairman, Senate Committee on Foreign Relations; Ted Stevens, chairman, Senate Committee on Appropriations; Benjamin A. Gilman, chairman, House Committee on International Relations; and Robert L. Livingston, chairman, House Committee on Appropriations.

**Message to the Senate Transmitting
the Thailand-United States Taxation
Convention**

January 28, 1997

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Convention Between the Government of the United States of America and the Government of the Kingdom of Thailand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Bangkok, November 26, 1996. An enclosed exchange of notes, transmitted for the information of the Senate, provides clari-

fication with respect to the application of the Convention in specified cases. Also transmitted is the report of the Department of State concerning the Convention.

This Convention, which is similar to other tax treaties between the United States and developing nations, provides maximum rates of tax to be applied to various types of income and protection from double taxation of income. The Convention also provides for the exchange of information to prevent fiscal evasion and sets forth standard rules to limit the benefits of the Convention to persons that are not engaged in treaty shopping.

I recommend that the Senate give early and favorable consideration to this Convention and give its advice and consent to ratification.

William J. Clinton

The White House,
January 28, 1997.

**Remarks at a Democratic Business
Council Dinner**

January 28, 1997

Thank you very much. Well, thank you, Carol. Thank you, Steve. Roy, I won't ever make you stay in that bed again. [Laughter] I was simply trying to get even for all the nights he's bent my ear. [Laughter]

I want to thank all the officers of the Democratic Party who are here, all the distinguished elected officials, and all the members of our administration who are here. And I want to thank you.

Some of you may have noticed that I had a press conference today where there was one or two questions about campaign finance. [Laughter] And they said, “Well, does it set a good example that you're going to this fundraiser tonight?” And I said, “Yes, I think it does, because there is no system which has been offered which is completely publicly funded from start to finish and funds the political parties. So we have to depend upon people to help us.”

And this group, as Alan Solomont said earlier, has been responsible for dramatically increasing the number of business people and entrepreneurs all across America that have been a part of our party, broadening our

base, giving us a chance to go forward. I thank you, Tom, for being willing to take over the leadership of it. I think it's a good thing if people like Tom or Steve, who had a very successful career in business and worked at the grassroots level, want to come in and be part of the Democratic Party.

I also think it's terribly important that the President see as many people as possible, from as many walks of life as possible, from as many places in this country as possible, who actually know something about what's going on in the country and how people are living and what the challenges are.

And as I said today, I never had anyone in 4 years who asked me to make a decision as President based on being a financial contributor, and I have never made such a decision. But I think we should listen to each other. I mean, you all have to listen to me all the time, and every now and then for me to take a little time to listen to you I think is pretty good because even Presidents need to learn. And almost no one learns when they're talking, and almost no one fails to learn when they're listening.

So I think this is a good thing, and I welcome you here, and I hope you're glad to be here. And let me also say that—[*applause*]. Thank you. Having said that, I do want to compliment the new leadership of the party and the old leadership of the party for taking some unilateral initiatives to push the campaign finance reform system along by coming out against things that are legal that we're not going to do anymore because we want to try to push the system along, saying that if you can't vote, you shouldn't contribute, that companies that are primarily foreign-owned should not contribute, and that we would limit our large contributions. I think that's a good thing.

But I also would urge you to help us pass a campaign finance reform bill that is fair, that is bipartisan, that does not give undue advantage to either party, and that gives challengers as well as incumbents a fair chance at the ears, the minds, and the hearts of the voters. I think that's a very important thing to do.

We were talking around the table here at dinner—my impression is—and I ran for Congress in 1974 and got beat by the way,

but I did all right—but that was the first election under the old campaign finance reform, which was then the new campaign finance reform law. And my impression is that it did work to give people a greater degree of confidence that there were reasonable rules, regulations, and balance in the funding system.

What's happened now is the explosion of technology and the escalation of cost and the multiplication of the way people communicate with one another and the proliferation of various groups who are doing it, and two Supreme Court decisions have basically swamped the old system.

Now, there are very few of you who run enterprises who, even if you've been in business 20 years, could possibly be using the same communication system with the same budget in the same way that you were 20 years ago. So it is unreasonable to expect that our Nation could have the right balance drawn between having a system that is largely privately financed but has adequate rules of disclosure, rules of conduct, and limitations, with a system that was written over 20 years ago, during which time we've had the biggest explosion in differences in the way people communicate and relate to each other politically than in any 20-year period certainly in the 20th century. So I hope you will help us get that done.

The other point I'd like to make to you tonight is that you ought to be proud of what you have done. You know that the, the sort of superficial results: In '96 we had our first successful reelection for a President in 60 years. And someone, just to make sure I understood that, sent me the January 4, 1937 copy of Life Magazine, which I had framed and hung up in the White House so I don't forget that.

We elected a Democrat, the first Asian-American Governor in the United States, something I'm very proud of. That's another thing I want to say. We welcome first-generation immigrant Americans into the Democratic Party—[*applause*—we want them here. And it has been my personal experience—one of the richest aspects of being President and running for President twice has been getting to know in a personal way very large numbers of people who are first-generation Americans, who still come to our

shores seeking opportunity and making opportunity. And virtually without exception, they give this country many times over what they ever ask from it. And I think that is a very good thing.

We had the first woman Governor ever in the State of New Hampshire. And we carried New Hampshire for the second time, and that's only happened three times in the history of the State that a Democrat's won there twice. And I'm very grateful to them. We had 100 new Democratic legislators. We picked up some seats in the House.

So we're—those things were good. But what I want you to do is just take a minute tonight to look behind that, to understand what I believe 20, 30 years from now when people look back on this time, what they will about it. For almost 30 years, the other party has dominated Presidential politics, and the salient issues dividing the voters, I would argue, have been the power of appeals to people's differences based on race and religion and extreme political views as opposed to appeal to community.

In the last 16 years, the argument of what we Democrats called, "trickle-down economics" and what the other fellows called, "supply-side economics"—that is that if you cut taxes enough, you would generate so much revenue the budget would be balanced, and if it wasn't, it didn't really matter, and we quadrupled our debt in 12 years following that theory—and the argument that the Government is the problem—and so if we just chalked Washington full of people who hated their Government, things would be wonderful out in the country.

If you go all the way back to '68 and watch the Presidential elections unfold, any analysis would say that those things were very powerful components of that. What has happened in just the last 4 years? Number one, we haven't abolished the divisive feelings Americans have about each other, but we've come a long way toward subordinating them to the idea that we are one community, and we're better off if we relate to each other across the lines that divide us, and it's a big part of our meal ticket to the 21st century. That is a huge, significant step forward.

And even in places where people didn't agree with me about specific issues—for ex-

ample, when I stood up for the proposition that affirmative action should be reformed but not abolished at this point in time—in California the voters disagreed in the vote on the initiative, but they voted for the Clinton/Gore ticket for reelection. Why? Because I think people know deep down inside, we've got to go forward together. That's a big thing. It's a significant change.

Number two, the theory of trickle-down economics was tested and abolished in 1993 with our budget, our much maligned budget passed only by members of our party. Four years later, we know who was right and who was wrong. We have had—[applause]—the deficit went down by almost two-thirds. Inequality decreased among working families for the first time in 20 years. We increased our investment in education and technology. And the economy produced 11 million jobs plus for the first time in a 4-year term in history. So we replaced trickle-down economics with invest-and-grow economics—in trade and reach out to the rest of the world. It's working. That is a significant thing.

And the third thing we did, I talked about in the Inaugural. We said Government is not the problem. That's wrong. But Government is not the solution. We have to be the solution. Democratic Government is simply the gift our Founders gave us to meet our challenges and to pursue our dreams that must be met and pursued in common. And the primary function of Government today is to give people the tools they need to make the most of their own lives, to build strong careers, strong families, and strong communities and then to keep us the world's strongest force for peace and freedom and democracy.

And we have done that. And you should be very proud of that. That is what you helped to create. There are other things. Social problems used to be rhetorical instruments of political campaigns which no one really expected to change very much. So whether you were tough on crime or not was largely a function of who could talk tougher in campaigns.

We went out and wrote a crime bill based on what the police officers, the community patrol people, the community leaders in this country said would work to bring the crime

rate down and to contribute to what people were doing in some communities already in America to bring the crime rate down. And we know that community policing, we know that tougher punishment for repeat offenders, and we know that giving young kids something to say yes to as well as something to say no to all work. And we've had now 4 years of declining crime. That is a very significant thing. Nobody has to believe that crime is inevitable anymore.

We had—long before this welfare bill passed, we were out there giving States and communities permission to try new things that would move people from welfare to work, and 2.1 million people now have moved in only 4 years from welfare to work, the biggest decline in American history.

And let me just say—I want to say some more about that in a minute, but my decision to sign the welfare reform bill was based in large measure on my unshakable conviction that we can go the rest of the way and that we have to build a community-based system where able-bodied people are not segregated, the unemployed, from those on welfare. We need a family- and work-oriented, community-based system of full employment for people who are capable of working.

And of course, when the economy is down, there will be more people out of work. And when the economy is working, there will be more people in work. But you have to play a role in that, and I'll say something about that in a minute.

This was a huge deal. Nobody believes that the welfare rolls have to grow forever now—2.1 million fewer people on welfare. So social problems are something more than the rhetoric of campaigns now, they're about how people live.

We've also put what I think of as the right kind of family values back at the center of our policymaking. What is it we can do to help families cope with the challenges of family and work and family and culture. That's what the Family and Medical Leave Act was all about. That's what the V-chip and the television rating systems were all about. That's what all that was about. How are people going to juggle all these balls and still do the most important thing in life, which is to do a good job raising their children?

It's the number one job any person ever has. How can we do that?

Well, we're moving in the right direction on that. All these changes have been made in just the last 4 years. It's a good basis from which we have to go forward. And I'm going to give the State of the Union Address in a few days, and I will focus on what I hope we can do together, working with the Republicans to balance the budget, to put education front and center on our national agenda so we have national standards and we open the doors of college to all, to build on this families first agenda, and to keep the crime rate coming down and to expand health care coverage and to reform the systems of Social Security and Medicare so they're there for the next generation and they don't bankrupt the budget and to continue to reach out to the rest of the world.

And this is the last thing I'd like to say. Because I believe we should talk, and I should also listen as well as talk, I always tell people who contribute to our efforts that you have even more opportunities and responsibilities to make your voice heard. And I would like to just say two things. There are many things I will ask for your help on, but I want to serve notice there are two things that I will ask for your help on.

Number one relates to what Mr. Grossman used to do before he came to the party. I said if Steve Grossman could run AIPAC and keeps those folks together, he ought to be able to unify the Democrats. And all the members of AIPAC thought that was funny.

But one of the things that we have to recognize is, there is no such thing in the 21st century as being strong at home and, therefore, saying, you don't care what happens abroad. We cannot be strong at home unless we are also strong abroad. And that is about more than the defense budget. That means they're going—that means, among other things, now that they're reforming the United Nations, we have new leadership, we got to pay the money we owe them. We can't any longer be the biggest debtor at the U.N. We got to show up and pay our way. We can't expect to lead the world if we won't even do the minimum required of a responsible country.

And number two, we have to invest some measure of our money. We spend less of our budget than any great country in the world on foreign affairs, but we have to spend enough to enable our country to lead the way for peace and freedom. And I hope you will help us convince the Congress of that and our fellow citizens.

Second, and closer to home, I know that this welfare reform bill can be made to work. I think we have to change some of the provisions relating to immigrants and some other things, but the substance of the bill simply says, if you're able-bodied, within 2 years you have to move from welfare to work. And if you do, as Governor Romer said, we'll give you more child care; we'll support you in other ways; we'll keep the health care guarantee for your kids; we'll help you with transportation. But you have to do it.

Now, you might say that is inherently impossible because last year in a boom economy there were six applicants for every entry-level job opening in Chicago and nine for every entry-level job opening in St. Louis. So how can you do that? The answer is, I can't, but you can. And now every State in the country has the power today to take the welfare check and give it to an employer as a wage and training supplement for a year or more and, if it's a small business employer, to keep covering the children with health care. Every one.

I've asked the Congress to adopt a special tax credit that would give every employer who hires someone certified from welfare up to \$10,000 a year in salary a 50 percent tax credit. Those two things together are more than enough incentive for people to marginally add to the work force if they've got a healthy business and they want to do something for their country.

And you think about it. If small business, medium-sized and large, and for-profit and private institutions like churches and community groups, if we said—businesses saying, "For every 25 employees I've got, if I have these incentives at the grassroots level, I'll hire somebody off welfare," this problem would go away tomorrow. Oh, yeah, there would be people who would have a hard time

making it, and they'd fall on and off the rolls, and we'd have to work with education and training and preparing people. But the problem, as a big problem, would go away. And we would have what I have always wanted, which is a community-based system that treats all people who are out of work with dignity—dignity by giving them the support they need for their children and dignity by giving them the expectation that if they're able-bodied they will work when they can. [Applause]—a good thing to do.

But I just would say to you, we have to set an example here. And we are going to have to go out and find the people to do this. And all of you are going to have to help me do this. And I'll have an organized way of doing that which I will explain to you over the next several days and give you a better chance to participate in it. But that's what being a Democrat means. We can be pro-business and have a social conscience. We can be for very high standards in school and still be compassionate for people that need a hand up.

We need to do things that prove that you don't have to make false choices—you can grow the economy, protect the environment, you can balance the budget and invest in education, you can be strong at home and be strong abroad. And we can build a unifying vision that will bring this country together and move it forward.

That's what I want you to be a part of. I want you to be excited. I want you to be happy. I want you to be proud to be a part of what we're trying to do. And I want you to be a part of what we're trying to do. You are very welcome.

Thank you, and God bless you all.

NOTE: The President spoke at 8:12 p.m. at the Sheraton Carlton Hotel. In his remarks, he referred to Carol Pensky, treasurer, Steve Grossman, national chair, Gov. Roy Romer, general chair, Alan Solomont, national finance chair, Democratic National Committee; and C. Thomas Hendrickson, chair, Democratic Business Council.

**Letter to Congressional Leaders
Reporting on Terrorists Who
Threaten the Middle East Peace
Process**

January 28, 1997

Dear Mr. Speaker: (Dear Mr. President:)

I hereby report to the Congress on the developments concerning the national emergency with respect to terrorists who threaten to disrupt the Middle East peace process that was declared in Executive Order 12947 of January 23, 1995. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c). Since the crisis with respect to the grave acts of violence committed by foreign terrorists that threaten the Middle East peace process has not been resolved, on January 21, 1997, I renewed this national emergency in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)).

1. On January 23, 1995, I signed Executive Order 12947, "Prohibiting Transactions with Terrorists Who Threaten To Disrupt the Middle East Peace Process" (the "Order") (60 *Fed. Reg.* 5079, January 25, 1995). The order blocks all property subject to U.S. jurisdiction in which there is any interest of 12 terrorist organizations that threaten the Middle East peace process as identified in an Annex to the order. The order also blocks the property and interests in property subject to U.S. jurisdiction of persons designated by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, who are found (1) to have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process, or (2) to assist in, sponsor, or provide financial, material, or technological support for, or services in support of, such acts of violence. In addition, the order blocks all property and interests in property subject to U.S. jurisdiction in which there is any interest of persons determined by the Secretary of the Treasury, in coordination with the Secretary of State and the Attorney General, to be owned or controlled by, or

to act for or on behalf of, any other person designated pursuant to the order (collectively "Specially Designated Terrorists" or "SDTs").

The order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDTs, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of such persons. This prohibition includes donations that are intended to relieve human suffering. Designations of persons blocked pursuant to the order are effective upon the date of determination by the Secretary of State or his delegate, or the Director of the Office of Foreign Assets Control (OFAC) acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the *Federal Register* or upon prior actual notice.

2. On January 25, 1995, the Department of the Treasury issued a notice listing persons blocked pursuant to Executive Order 12947 who have been designated by the President as terrorist organizations threatening the Middle East peace process or who have been found to be owned or controlled by, or to be acting for or on behalf of, these terrorist organizations (60 *Fed. Reg.* 5084, January 25, 1995). The notice identified 31 entities that act for or on behalf of the 12 Middle East terrorist organizations listed in the Annex to Executive Order 12947, as well as 18 individuals who are leaders or representatives of these groups. In addition the notice provides 9 name variations or pseudonyms used by the 18 individuals identified. The list identifies blocked persons who have been found to have committed, or to pose a risk of committing, acts of violence that have the purpose of disrupting the Middle East peace process or to have assisted in, sponsored, or provided financial, material, or technological support for, or service in support of, such acts of violence, or are owned or controlled by, or to act for or on behalf of other blocked persons. The Department of the Treasury issued three additional notices adding the names of three individuals, as well as their pseudonyms, to the List of SDTs (60 *Fed. Reg.* 41152, August 11, 1995; 60 *Fed. Reg.* 44932, August 29, 1995; and 60 *Fed. Reg.* 58435,